



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

March 10, 2005

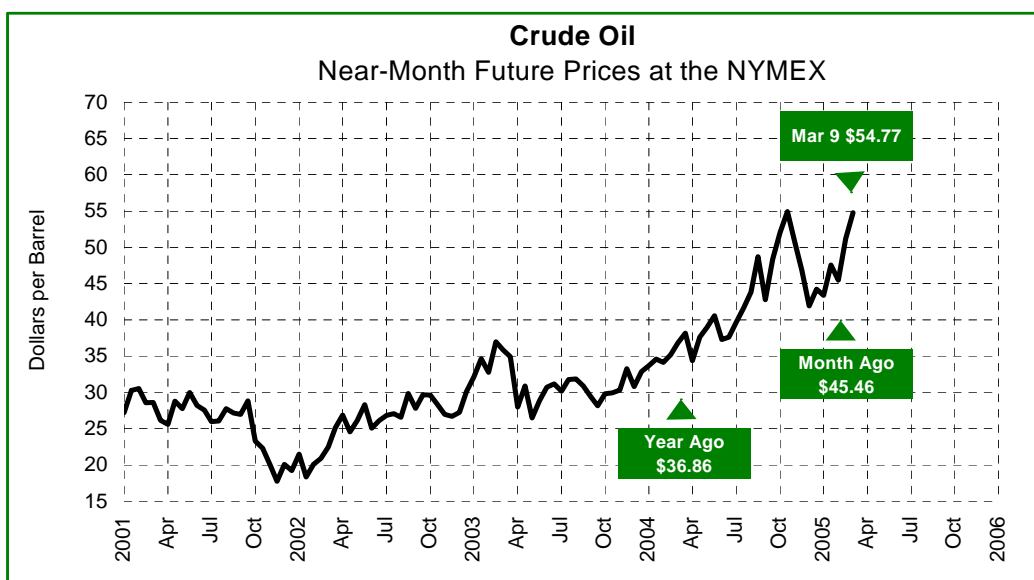
Crude Oil

On March 9, NYMEX crude oil futures settled at \$54.77, an increase of \$9.31 from the previous month and \$17.91 per barrel or 49% higher compared to this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)

| | <u>03-09-05</u> | <u>02-09-05</u> | <u>change</u> | <u>03-01-04</u> | <u>change</u> |
|-------|-----------------|-----------------|---------------|-----------------|---------------|
| NYMEX | \$54.77 | \$45.46 | up 20% | \$36.86 | up 49% |

- Global oil prices pushed higher over the President's Day Holiday weekend (Feb. 19-21) in response to a prolonged cold spell and higher demand for heating oil in Europe. NYMEX oil futures moved from \$48.35 on Feb. 18 to settle at \$51.15 on Feb. 22, the first settlement above the \$50 level this year.
- Crude oil remains strong settling at \$54.77 on March 9, an increase of \$9.31 from the previous month and \$17.91 or 49% higher compared to this time last year. NYMEX crude hit a record \$55.67 on Oct. 25, 2004. Crude prices reached \$55.67 on March 9 during intra-day trade. Oil analysts predicted a new record price prior to the end of the week. However, crude continues to trade in the \$54 range today.



- Factors influencing higher crude prices include the growing global demand for crude oil and lower production reserves as oil producing nations maximize crude production. The high demand for heating oil in the U.S. Northeast and Europe due to colder-than-normal temperatures is providing

significant support to crude oil prices. The lower value of the dollar compared to the Euro and the Japanese Yen is also contributing to higher prices.

- For the week ending March 4, U.S. commercial crude oil supplies stood at an estimated 302.6 million barrels, well within the 5-year supply range for this time of year. Crude supplies are 23.1 million barrels higher compared to last year's storage levels, according to EIA.

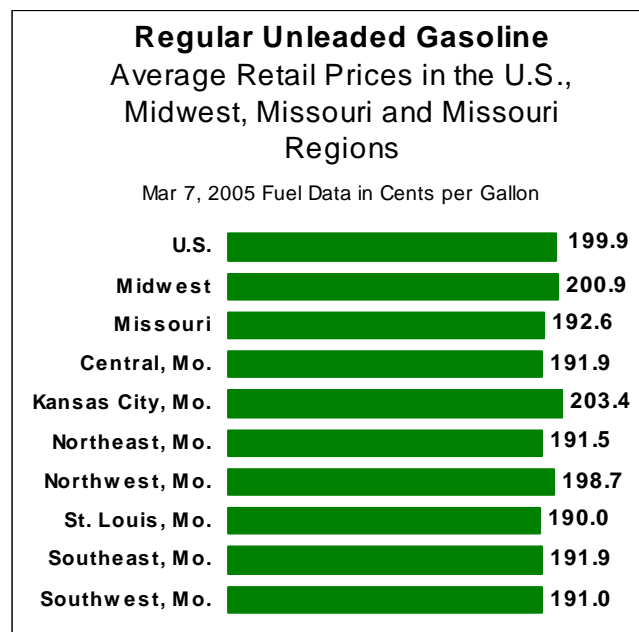
Transportation Fuels

Missouri's average retail price for regular unleaded gasoline increased \$0.13 per gallon from the previous month to reach \$1.93 per gallon on March. 7.

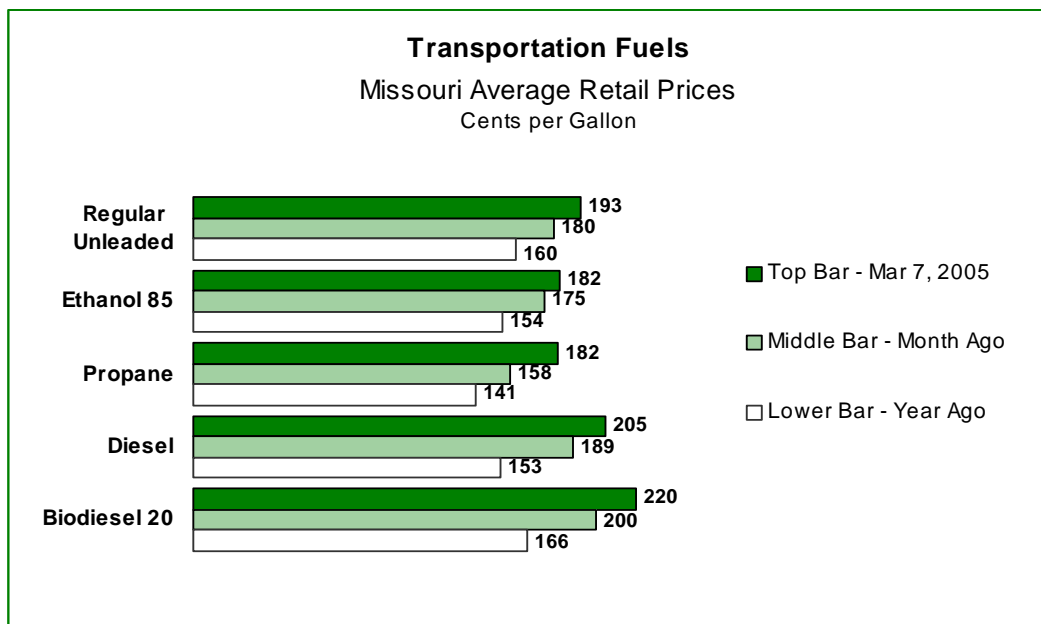
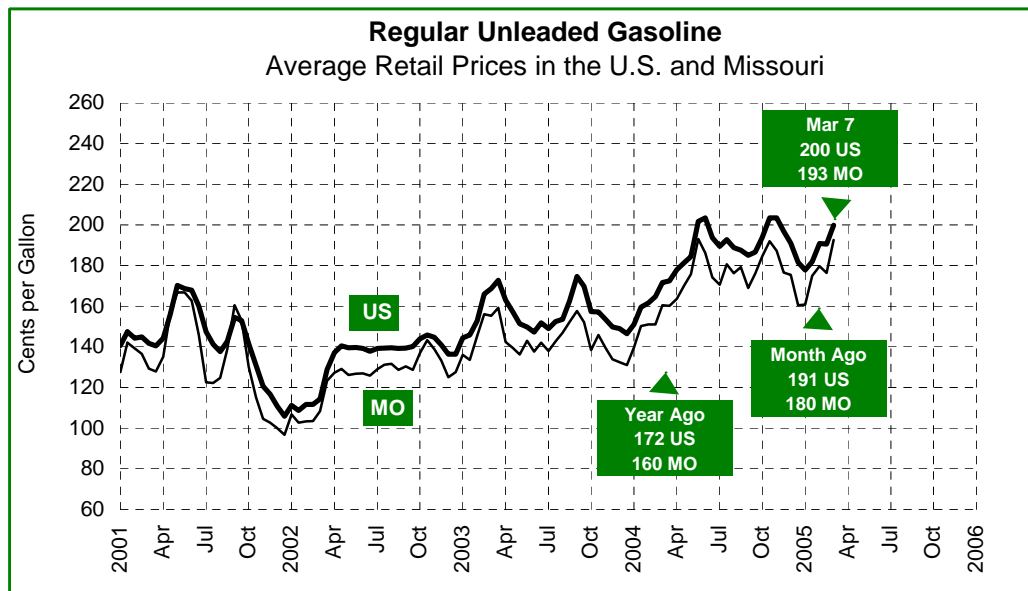
| <i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i> | | | | | |
|---|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>03-07-05</u> | <u>02-07-05</u> | <u>change</u> | <u>03-01-04</u> | <u>change</u> |
| US | 200 | 191 | up 5% | 172 | up 16% |
| Missouri | 193 | 180 | up 7% | 160 | up 20% |

| <i>Diesel Fuel - Retail Prices (cents per gallon)</i> | | | | | |
|---|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>03-07-05</u> | <u>02-07-05</u> | <u>change</u> | <u>03-01-04</u> | <u>change</u> |
| Missouri | 205 | 189 | up 9% | 153 | up 34% |

- The average retail price for gasoline continues to rise with the approach of the summer driving season. Missouri's average retail price has increased by \$0.13 per gallon, or 7 percent, from last month following higher prices for motor gasoline and crude oil at the NYMEX. Prices of \$2 per gallon were reported in portions of Western Missouri. Missouri motor gasoline average retail prices peaked at nearly \$2 per gallon on May 17, 2004. U.S. average prices peaked at \$2.06 on May 26, 2004.
- The current U.S. average retail diesel price is almost \$2.22. The existing record set last November is just under \$2.25 per gallon. Missouri's average retail diesel price is \$2.05, an increase of \$0.16 from last month.



- According to the *Short-Term Energy Outlook* report by EIA released on March 8, U.S. retail prices for gasoline are expected to average about \$2.10 during the 2005 driving season (Apr. – Sept.), up 20 cents from the same period last year. Average monthly prices are projected to peak at about \$2.15 by April.



| Motor Gasoline - Total Stocks (millions of barrels) | | | | | |
|---|----------|----------|--------|----------|--------|
| | 03-04-05 | 02-04-05 | change | 02-27-04 | change |
| US | 224.3 | 216.8 | up 3% | 202.0 | up 11% |

- U.S. gasoline supplies for the week ending March 4 declined by 0.2 million barrels from the previous week, placing them at 224.3 million barrels, well above the 5-year average for this time of year and 23.9 million barrels higher than last year at this time. U.S. gasoline supplies decreased due to an increase in demand, flat production and slightly lower imports. Midwest gasoline supplies increased

by 1.3 million barrels, moving from 55.6 million barrels on Feb. 25 to 56.9 million barrels on March 4.

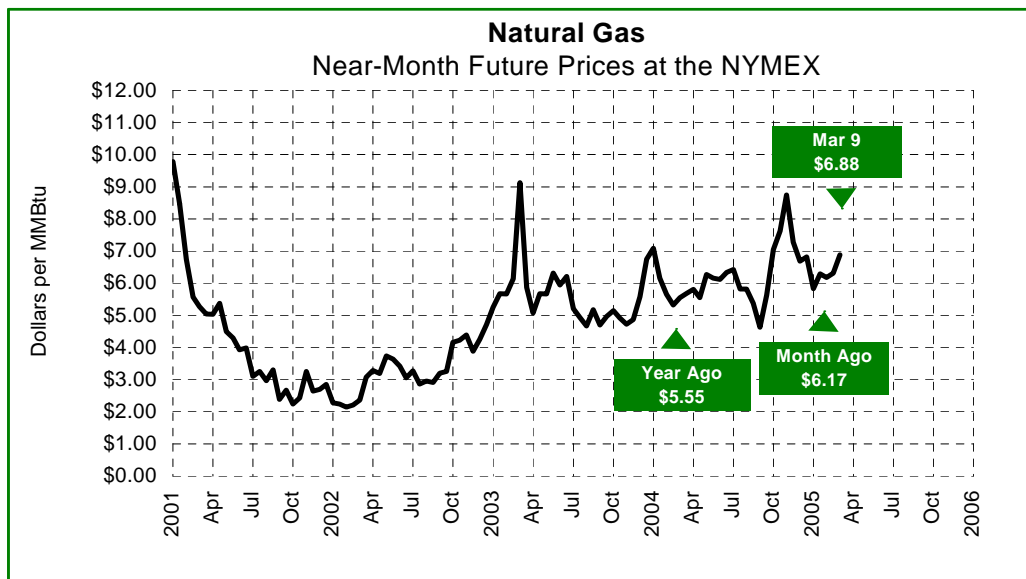
- U.S. gasoline production was estimated at 8.5 million barrels per day as of March 4. Imports contributed an additional 0.95 million barrels per day, compared to 0.98 million barrels for the previous week.

Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On March 9, natural gas futures closed at \$6.88 per MMBtu, an increase of \$0.71 per MMBtu since last month and \$1.33 or 24% higher than this time last year.

| Natural Gas - Near Month Future Prices (dollars per mmbtu) | | | | | |
|--|----------|----------|--------|----------|--------|
| NYMEX | 03-09-05 | 02-09-05 | change | 03-01-04 | change |
| | \$6.88 | \$6.17 | up 12% | \$5.55 | up 24% |



- Working gas inventories were 1,474 Bcf as of Friday, March 4, according to EIA's Weekly Natural Gas Storage Report. Despite the relatively large withdrawal of 139 Bcf for the week, the level of working gas in storage is 25.7 percent higher than the 5-year (2000-2004) average for this time of the year. Colder-than-normal temperatures prevailed in much of the eastern half of the nation during the week, which resulted in significant space-heating demand.
- According to the National Weather Service, the East North Central regions and regions along the Atlantic coast experienced 15 to 33 percent colder-than-normal temperatures, respectively, for the week ending Thursday, March 3. Temperatures in these regions were 59 to 64 percent colder than last year for the same week. For the entire Lower 48 States, temperatures were 13 percent colder than normal.
- On March 8, EIA projected that Midwest households' average natural gas winter heating bills for the 2004-2005 heating period would increase an estimated 7.6 percent, down from the 9.7 percent projection from the previous month.

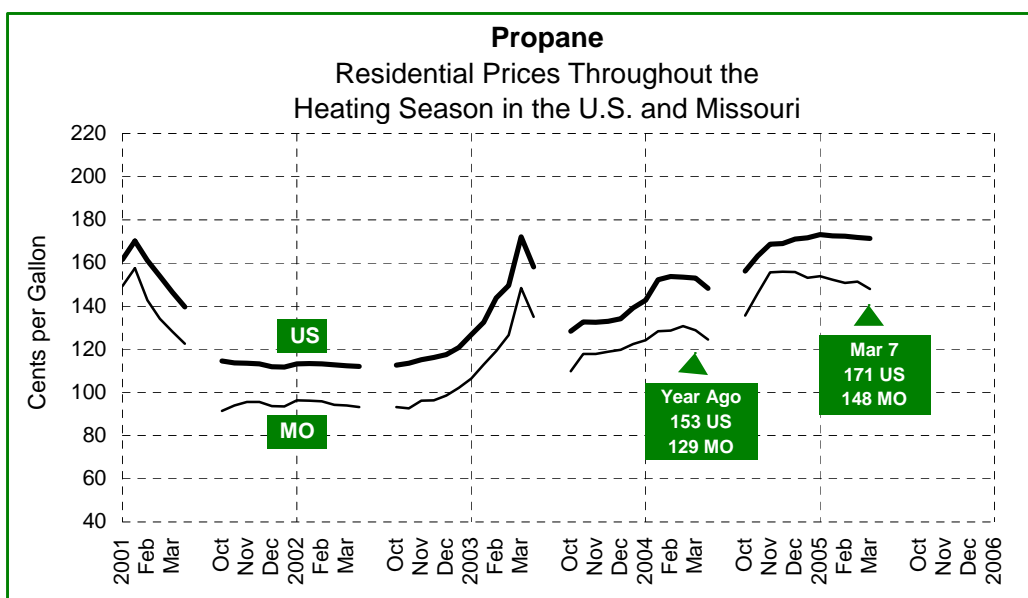
Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

Missouri's average retail propane price was \$1.48 per gallon on March 7, down \$0.03 from a month ago but \$0.19 or 15 percent higher than a year ago.

| Propane - Residential Prices (cents per gallon) | | | | | |
|---|----------|----------|---------|----------|--------|
| | 03-07-05 | 02-07-05 | change | 03-01-04 | change |
| Missouri | 148 | 151 | down 2% | 129 | up 15% |

- Despite a late winter storm on the East Coast last week, U.S. inventories of propane posted a relatively modest 0.9 million barrel gain that moved inventories up to an estimated 32.5 million barrels as of March 4, 2005. Colder temperatures may have been a factor for East Coast and Midwest inventory declines that measured 0.5 million barrels and 0.1 million barrels, respectively. Midwest propane supplies are 0.6 million barrels higher compared to the same period last year at 9.7 million barrels.
- On March 8, EIA projected that Midwest households' average propane winter heating bills for the 2004-2005 heating season would increase an estimated 17 percent, down from the 20 percent projection last month.



Missouri Energy Outlook

The Missouri Energy Outlook, an energy resource analysis reviewing prices and availability of energy in Missouri over the winter months was released in November by the Missouri Department of Natural Resources' Energy Center. Copies of the Missouri Energy Outlook are available online at the department's Web site at <http://www.dnr.mo.gov/energy/publications.htm> or may be obtained by calling the Missouri Department of Natural Resources' Energy Center at (573) 751-3443 or the department toll free at (800) 361-4827.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm